

MAY 20 1998

Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of)
)
Federal-State Joint Board) CC Docket No. 96-45
)
Forward-Looking Mechanism For) CC Docket No. 97-160
High Cost Support)

REPLY COMMENTS

BellSouth Corporation, on behalf of itself and its subsidiaries, ("BellSouth") hereby submits its Reply Comments regarding the proposals to revise the methodology for determining universal service support.

At this stage, it is important that the Commission remain focused on the task at hand—the establishment of a universal service methodology that will provide sufficient and explicit support for universal service. Despite the need to come to closure on this most important facet of universal service, some commenters suggest that an alternative that the Commission could follow is to do nothing. These commenters would have the Commission believe that they have no obligation under the Communications Act to do anything further at this time regarding universal service. These commenters are wrong. They engage in fanciful rewrites to the Act's requirements or ignore the Act's provisions altogether.

For example, AT&T argues that non-rural carriers do not require universal service support because their revenues fully recover the cost of providing universal service.¹ While AT&T presents its arguments as "startling revelations" worthy of front page coverage on the weekly supermarket tabloids, the fact of the matter is that all that AT&T has come to discover is

¹ AT&T at 1-7.

what the Commission and Congress already know—universal service receives implicit support from other local exchange carrier provided services. It is this very system of implicit subsidies that the Act directs the Commission to replace with a sufficient and explicit universal service fund.² The Commission does not have the discretion, as AT&T's comments would imply, to simply ignore the Act's directives.

Another flawed notion advanced by AT&T is that support should be calculated on a study area basis.³ AT&T is quite open that its purpose is to reduce the size of the universal service fund. The reduction that AT&T claims will be realized by study area calculations comes at the expense of competition and requires that implicit subsidies between low and high cost areas within a state be retained. Large support areas will make it very difficult for competitors to qualify for universal service support and will make support far less portable than small support areas. Further, as the Commission recognized, calculating support over small geographic areas promotes efficient targeting of support.⁴

Likewise, universal service funding cannot be conditioned upon or delayed, as some commenters suggest, until some measure of competition occurs or some finding that incumbent local exchange carriers have fulfilled other requirements of the Communications Act.⁵ As the

² AT&T's suggestion that universal service payment be withheld until a local exchange carrier demonstrates that its existing revenues are insufficient to support universal service is patently absurd. (AT&T at 7) Not only does AT&T seek to perpetuate implicit subsidies, but it seeks to deny local exchange carriers the opportunity to obtain competitive returns on non-universal service investments that bring to the public high quality, innovative telecommunications services.

³ AT&T at 7-9.

⁴ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No 96-45, Report and Order, 12 FCC Rcd 8776, 8884 (1997).

⁵ See AT&T at 12-13; MCI at 5.

SBC LECs' comments demonstrate, there is nothing in the Act that "expressly or impliedly, condition universal service support on the implementation of Sections 251 or 252."⁶ Section 254 unconditionally directs the Commission to replace implicit universal service subsidies with an explicit fund that is sufficient to advance and promote universal service. Congress' intention that the Commission act expeditiously and completely is evident in the provision's requirement that the Commission complete its proceeding within fifteen months of enactment of the Telecommunications Act and establish a specific implementation timetable. This provision hardly contemplates or permits delaying or conditioning universal service support upon the implementation of other sections of the Communications Act.

The issue for the Commission is to select a methodology that will provide adequate universal service support. The Commission has already acknowledged that the new, explicit federal universal service fund should provide each state with the same level of support that the state receives from existing interstate implicit and explicit mechanisms. At the same time, a compelling case has been made by the state commissions that the federal fund should provide additional support to the states to assist them in reducing intrastate implicit support.

BellSouth's proposal starts with identifying existing interstate explicit and implicit support for universal service. The existing explicit support for non-rural companies comes from the high cost fund, which is approximately \$400 million for non-rural local exchange carriers.⁷

⁶ SBC LECs at 7.

⁷ The size of the existing high cost fund is determined by application of the Commission's rules which permits local exchange carriers that have higher than average loop costs to receive support. Some states with high cost areas have expressed concern that, under the current formula, certain states that have high cost areas only qualify for minimal high cost support because the current rules greatly restrict the amount of support that can go to LECs with over 200,000 lines in a study area. One of the objectives of the Ad Hoc proposal is to address this (Footnote Continued)

Existing implicit support for universal service comes from carrier common line charges and the presubscribed interexchange carrier charge. For non-rural carriers, existing implicit support amounts to \$2.5 billion. Recognizing that there are circumstances where the states cannot fully fund an intrastate universal service fund and, thus, the federal fund should assist the state in eliminating intrastate implicit subsidies, BellSouth also proposed that the Commission establish a safety-net benchmark which would enable states to shift the responsibility for a portion of the intrastate implicit universal service subsidy to the federal fund.

The following illustrates the operation of BellSouth's proposal. The total cost of universal service would be determined using the cost proxy model. This cost would be reduced by the amount of existing interstate implicit and explicit support that would continue to be received from the federal fund. The difference between the remaining universal service costs and the safety-net benchmark represents the additional support that would be provided to states to offset intrastate implicit subsidies.

Using the Benchmark Cost Proxy Model and a safety-net benchmark of \$50 for residential lines and \$70 dollars for single-line business, BellSouth has estimated the amount of additional support resulting from the safety-net feature that would be provided to states served by non-rural companies. For non-rural companies, BellSouth's safety-net proposal would provide the states with \$1.5 billion that would be applied to reduce intrastate implicit support.⁸ Hence,

concern. The Ad Hoc proposal could be a useful approach for the Commission to provide additional relief for states confronted by this circumstance.

⁸ The actual amount of additional state support is dependent upon the Commission's selection of a cost model and cost inputs as well as the safety-net benchmark. Based on BellSouth's analysis, it would appear that \$1.5 billion in additional state support represents the upper-bound of a safety-net benchmark.

under BellSouth's proposal, the total federal fund for non-rural companies would be \$5.7 billion.

Exhibit 1 contains BellSouth's calculations.

BellSouth urges the Commission to act quickly to finalize its methodology for calculating the non-rural federal universal service fund and to implement the new federal fund on January 1, 1999 as scheduled. BellSouth's proposal provides a framework for the Commission to deal with not only existing interstate subsidies but also to address the circumstances identified by state commissions that warrant additional federal support to remove intrastate implicit subsidies.

Respectfully submitted,

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EXHIBIT 1

BellSouth Universal Service High Cost Fund Proposal

This Exhibit depicts by state and by non-rural and aggregated rural companies the total amount of federal high cost support which will be available under BellSouth's Proposal.

- A. Column 1 identifies the amount of existing high cost fund receipts for all companies. This amount includes DEM weighting, Long Term Support, and High Cost Support.
- B. Columns 2 and 3 are based upon the 12/97 filings of the non-rural LECs.
- C. Column 4 represents an estimate of the payments into the current high cost fund, low income support, schools and libraries funding, and rural health care support made by local exchange carriers.
- D. Column 5 equals Columns 2 and 3 minus Column 4.
- E. Column 6 represents the total current support received by the RBOCs, GTE, and Sprint. This is calculated by adding Column 1 to Column 5.
- F. Column 7 depicts the total cost, both interstate and intrastate, for providing universal service in high cost areas. This is calculated using the Benchmark Cost Proxy Model 3.1 utilizing default inputs.
- G. Column 8 is used to adjust for the current support received; it is calculated as follows:

$$\frac{\text{Column 7 minus Column 6}}{\text{Column 7}}$$

- H. Column 9 calculates the amount of additional support which is available using a "safety net" approach. It is based upon the adjusted cost percentage determined in Column 8.
- I. Column 10 is calculated by adding Columns 6 and 9. The total for the state includes amounts for both rural and non-rural carriers.

BellSouth Universal Service High Cost Fund Proposal

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
		Existing HCF Receipts	CCL	PICC	Current HCF, Low Income, S&L, and RHC Payments	Implicit Support - RBOCs, GTE, Sprint	Total Current Support - RBOCs, GTE, Sprint	BCPM Total Cost	1 - (Current Support / Cost) @ \$50/\$70	Federal Safety Factor Support	Total Federal HCF Support
AL											
AL BS		\$ -	\$ 36.0	\$ 23.3	\$ 9.5	\$ 49.8	\$ 49.8	\$ 616.3	92%	\$ 23.3	\$ 73.1
AL GTE		\$ 12.3	\$ 12.3	\$ 2.5	\$ 1.6	\$ 13.2	\$ 25.5	\$ 155.7	84%	\$ 20.1	\$ 45.6
AL RURAL		\$ 27.0			\$ 2.3						\$ 27.0
AL Total		\$ 39.3	\$ 48.3	\$ 25.8	\$ 13.4	\$ 63.0	\$ 75.3	\$ 772.0		\$ 43.4	\$ 145.7
AK											
AK GTE		\$ 1.3	\$ 0.5	\$ 0.3							\$ 1.3
AK RURAL		\$ 61.3									\$ 61.3
AK Total		\$ 62.6	\$ 0.5	\$ 0.3	\$ -	\$ -	\$ -	\$ -			\$ 62.6
AZ											
AZ USW		\$ 3.3	\$ -	\$ 29.4	\$ 11.0	\$ 18.4	\$ 21.7	\$ 592.2	96%	\$ 33.2	\$ 54.9
AZ GTE		\$ 1.3	\$ 0.4	\$ 0.1	\$ -	\$ 0.5	\$ 1.8	\$ 3.0	40%	\$ -	\$ 1.8
AZ RURAL		\$ 24.1			\$ 1.8						\$ 24.1
AZ Total		\$ 28.7	\$ 0.4	\$ 29.5	\$ 12.8	\$ 18.9	\$ 23.5	\$ 595.2		\$ 33.2	\$ 80.8
AR											
AR SBC		\$ 5.2	\$ 1.1	\$ 12.2	\$ 4.2	\$ 9.1	\$ 14.3	\$ 344.7	96%	\$ 29.7	\$ 44.0
AR GTE		\$ 14.8	\$ 13.8	\$ 2.0	\$ 0.3	\$ 15.5	\$ 30.3	\$ 129.8	77%	\$ 16.0	\$ 46.3
AR RURAL		\$ 50.7			\$ 2.6						\$ 50.7
AR Total		\$ 70.7	\$ 14.9	\$ 14.2	\$ 7.1	\$ 24.6	\$ 44.6	\$ 474.5		\$ 45.7	\$ 141.0
CA											
CA SBC		\$ -	\$ -	\$ 130.6	\$ 69.5	\$ 61.1	\$ 61.1	\$ 3,602.3	98%	\$ 33.6	\$ 94.7
CA GTE		\$ 2.6	\$ 82.9	\$ 41.7	\$ 22.2	\$ 102.4	\$ 105.0	\$ 1,081.9	90%	\$ 20.6	\$ 125.6
CA OTH NON-RURAL		\$ 9.0						\$ 22.0	90%	\$ -	\$ 9.0
CA RURAL		\$ 43.7			\$ 4.8						\$ 43.7
CA Total		\$ 55.3	\$ 82.9	\$ 172.3	\$ 96.5	\$ 163.5	\$ 166.1	\$ 4,706.2		\$ 54.2	\$ 273.0
CO											
CO USW		\$ 4.4	\$ -	\$ 28.9	\$ 11.0	\$ 17.9	\$ 22.3	\$ 567.3	96%	\$ 15.8	\$ 38.1
CO RURAL		\$ 41.5			\$ 3.7						\$ 41.5
CO Total		\$ 45.9	\$ -	\$ 28.9	\$ 14.7	\$ 17.9	\$ 22.3	\$ 567.3		\$ 15.8	\$ 79.6
CT											
CT SNET		\$ -	\$ 12.5	\$ 24.9	\$ 11.7	\$ 25.7	\$ 25.7	\$ 453.3	94%	\$ 1.4	\$ 27.1
CT RURAL		\$ 1.4			\$ 1.2						\$ 1.4
CT Total		\$ 1.4	\$ 12.5	\$ 24.9	\$ 12.9	\$ 25.7	\$ 25.7	\$ 453.3		\$ 1.4	\$ 28.5

BellSouth Universal Service High Cost Fund Proposal

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Existing HCF Receipts	CCL	PICC	Current HCF, Low Income, S&L, and RHC Payments	Implicit Support - RBOCs, GTE, Sprint	Total Current Support - RBOCs, GTE, Sprint	BCPM Total Cost	1 - (Current Support / Cost)	Federal Safety Factor Support @ \$50/\$70	Total Federal HCF Support
DE										
DE BA	\$ -	\$ 2.6	\$ 6.4	\$ 2.3	\$ 6.7	\$ 6.7	\$ 105.6	94%	\$ 0.7	\$ 7.4
DE RURAL	\$ -									
DE Total	\$ -	\$ 2.6	\$ 6.4	\$ 2.3	\$ 6.7	\$ 6.7	\$ 105.6		\$ 0.7	\$ 7.4
DC										
DC BA	\$ -	\$ 4.7	\$ 11.3	\$ 4.3	\$ 11.7	\$ 11.7	\$ 60.1	81%	\$ -	\$ 11.7
DC RURAL	\$ -									
DC Total	\$ -	\$ 4.7	\$ 11.3	\$ 4.3	\$ 11.7	\$ 11.7	\$ 60.1		\$ -	\$ 11.7
FL										
FL BS	\$ 1.6	\$ 113.5	\$ 73.6	\$ 30.3	\$ 156.8	\$ 158.4	\$ 1,224.0	87%	\$ 3.8	\$ 162.2
FL GTE	\$ 0.6	\$ 54.6	\$ 26.5	\$ 10.7	\$ 70.4	\$ 71.0	\$ 469.7	85%	\$ 0.8	\$ 71.8
FL SPRINT	\$ -	\$ 47.0	\$ 18.8	\$ 9.2	\$ 56.6	\$ 56.6	\$ 465.5	88%	\$ -	\$ 56.6
FL RURAL	\$ 22.0			\$ 0.8						\$ 22.0
FL Total	\$ 24.2	\$ 215.1	\$ 118.9	\$ 51.0	\$ 283.8	\$ 286.0	\$ 2,159.2		\$ 4.6	\$ 312.6
GA										
GA BS	\$ 8.4	\$ 73.3	\$ 47.5	\$ 18.5	\$ 102.3	\$ 110.7	\$ 897.9	88%	\$ 13.7	\$ 124.4
GA OTH NON-RURAL	\$ 2.8			\$ 1.3			\$ 201.6	88%	\$ 21.7	\$ 24.5
GA RURAL	\$ 61.0			\$ 8.7						\$ 61.0
GA Total	\$ 72.2	\$ 73.3	\$ 47.5	\$ 28.5	\$ 102.3	\$ 110.7	\$ 1,099.5		\$ 35.4	\$ 209.9
HI										
HI GTE	\$ -	\$ 12.6	\$ 8.3	\$ 3.5	\$ 17.4	\$ 17.4	\$ 178.7	90%	\$ 2.2	\$ 19.6
HI RURAL	\$ 0.9			\$ 0.7						\$ 0.9
HI Total	\$ 0.9	\$ 12.6	\$ 8.3	\$ 4.2	\$ 17.4	\$ 17.4	\$ 178.7		\$ 2.2	\$ 20.5
ID										
ID USW	\$ 0.7	\$ -	\$ 5.3	\$ 2.2	\$ 3.1	\$ 3.8	\$ 154.0	98%	\$ 10.5	\$ 14.3
ID GTE	\$ 9.8	\$ 11.6	\$ 1.1	\$ 0.7	\$ 12.0	\$ 21.8	\$ 50.4	57%	\$ 1.0	\$ 22.8
ID RURAL	\$ 16.4			\$ 0.4						\$ 16.4
ID Total	\$ 26.9	\$ 11.6	\$ 6.4	\$ 3.3	\$ 15.1	\$ 25.6	\$ 204.4		\$ 11.5	\$ 53.5

BellSouth Universal Service High Cost Fund Proposal

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Existing HCF Receipts	CCL	PICC	Current HCF, Low Income, S&L, and RHC Payments	Implicit Support - RBOCs, GTE, Sprint	Total Current Support - RBOCs, GTE, Sprint	BCPM Total Cost	1 - (Current Support / Cost) @ \$50/\$70	Federal Safety Factor Support	Total Federal HCF Support
IL										
IL AM	\$ -	\$ 25.0	\$ 56.5	\$ 29.0	\$ 52.5	\$ 52.5	\$ 1,210.3	96%	\$ 9.5	\$ 62.0
IL GTE	\$ 1.6	\$ 35.8	\$ 9.5	\$ 3.8	\$ 41.5	\$ 43.1	\$ 422.6	90%	\$ 56.6	\$ 99.7
IL SPRINT	\$ -	\$ 1.9	\$ 3.0	\$ 1.1	\$ 3.8	\$ 3.8	\$ 47.4	92%	\$ 1.8	\$ 5.6
IL RURAL	\$ 20.0			\$ 4.0						\$ 20.0
IL Total	\$ 21.6	\$ 62.7	\$ 69.0	\$ 37.9	\$ 97.8	\$ 99.4	\$ 1,680.3		\$ 67.9	\$ 187.3
IN										
IN AM	\$ -	\$ 8.1	\$ 18.2	\$ 9.4	\$ 16.9	\$ 16.9	\$ 525.5	97%	\$ 14.6	\$ 31.5
IN GTE	\$ 1.0	\$ 42.3	\$ 9.7	\$ 3.9	\$ 48.1	\$ 49.1	\$ 347.2	86%	\$ 20.0	\$ 69.1
IN SPRINT	\$ -	\$ 7.0	\$ 2.1	\$ 1.3	\$ 7.8	\$ 7.8	\$ 111.5	93%	\$ 11.8	\$ 19.6
IN RURAL	\$ 15.5			\$ 2.3						\$ 15.5
IN Total	\$ 16.5	\$ 57.4	\$ 30.0	\$ 16.9	\$ 72.8	\$ 73.8	\$ 984.2		\$ 46.4	\$ 135.7
IA										
IA USW	\$ -	\$ -	\$ 12.6	\$ 4.9	\$ 7.7	\$ 7.7	\$ 317.6	98%	\$ 13.2	\$ 20.9
IA GTE	\$ 1.6	\$ 14.3	\$ 2.7	\$ 1.2	\$ 15.8	\$ 17.4	\$ 190.3	91%	\$ 50.9	\$ 68.3
IA RURAL	\$ 25.9			\$ 1.1						\$ 25.9
IA Total	\$ 27.5	\$ 14.3	\$ 15.3	\$ 7.2	\$ 23.5	\$ 25.1	\$ 507.9		\$ 64.1	\$ 115.1
KS										
KS SBC	\$ -	\$ 1.5	\$ 17.1	\$ 5.9	\$ 12.7	\$ 12.7	\$ 353.1	96%	\$ 13.2	\$ 25.9
KS GTE										
KS SPRINT	\$ 7.7	\$ 3.7	\$ 0.9	\$ 0.2	\$ 4.4	\$ 12.1	\$ 89.5	86%	\$ 19.1	\$ 31.2
KS RURAL	\$ 50.1			\$ 1.8						\$ 50.1
KS Total	\$ 57.8	\$ 5.2	\$ 18.0	\$ 7.9	\$ 17.1	\$ 24.8	\$ 442.6		\$ 32.3	\$ 107.2
KY										
KY BS	\$ 2.4	\$ 22.0	\$ 14.2	\$ 5.8	\$ 30.4	\$ 32.8	\$ 422.4	92%	\$ 31.7	\$ 64.5
KY GTE	\$ 10.6	\$ 23.4	\$ 4.8	\$ 3.1	\$ 25.1	\$ 35.7	\$ 229.0	84%	\$ 19.3	\$ 55.0
KY OTH NON-RURAL	\$ -	\$ 1.2	\$ 2.0	\$ 0.8	\$ 2.4	\$ 2.4	\$ 53.5	96%	\$ 2.0	\$ 2.0
KY RURAL	\$ 12.6			\$ 2.1						\$ 12.6
KY Total	\$ 25.6	\$ 46.6	\$ 21.0	\$ 11.8	\$ 57.9	\$ 70.9	\$ 704.9		\$ 53.0	\$ 134.1
LA										
LA BS	\$ 2.6	\$ 42.1	\$ 27.3	\$ 11.0	\$ 58.4	\$ 61.0	\$ 653.8	91%	\$ 31.4	\$ 92.4
LA RURAL	\$ 65.0			\$ 2.6						\$ 65.0
LA Total	\$ 67.6	\$ 42.1	\$ 27.3	\$ 13.6	\$ 58.4	\$ 61.0	\$ 653.8		\$ 31.4	\$ 157.4

BellSouth Universal Service High Cost Fund Proposal

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Existing HCF Receipts	CCL	PICC	Current HCF, Low Income, S&L, and RHC Payments	Implicit Support - RBOCs, GTE, Sprint	Total Current Support - RBOCs, GTE, Sprint	BCPM Total Cost	1 - (Current Support / Cost) @ \$50/\$70	Federal Safety Factor Support	Total Federal HCF Support
ME										
ME BA	\$ 0.2	\$ 3.4	\$ 8.2	\$ 3.5	\$ 8.1	\$ 8.3	\$ 254.6	97%	\$ 10.6	\$ 18.9
ME RURAL	\$ 16.3			\$ 0.9						\$ 16.3
ME Total	\$ 16.5	\$ 3.4	\$ 8.2	\$ 4.4	\$ 8.1	\$ 8.3	\$ 254.6		\$ 10.6	\$ 35.2
MD										
MD BA	\$ -	\$ 17.4	\$ 41.9	\$ 16.7	\$ 42.6	\$ 42.6	\$ 658.2	94%	\$ 6.3	\$ 48.9
MD RURAL	\$ 0.6			\$ 1.0						\$ 0.6
MD Total	\$ 0.6	\$ 17.4	\$ 41.9	\$ 17.7	\$ 42.6	\$ 42.6	\$ 658.2		\$ 6.3	\$ 49.5
MA										
MA BA	\$ -	\$ 22.3	\$ 53.6	\$ 22.2	\$ 53.7	\$ 53.7	\$ 978.1	95%	\$ 4.1	\$ 57.8
MA RURAL	\$ 0.4			\$ 2.5						\$ 0.4
MA Total	\$ 0.4	\$ 22.3	\$ 53.6	\$ 24.7	\$ 53.7	\$ 53.7	\$ 978.1		\$ 4.1	\$ 58.2
MI										
MI AM	\$ -	\$ 19.7	\$ 44.7	\$ 25.4	\$ 39.0	\$ 39.0	\$ 1,181.4	97%	\$ 30.4	\$ 69.4
MI GTE	\$ 4.0	\$ 18.2	\$ 7.8	\$ 3.4	\$ 22.6	\$ 26.6	\$ 308.8	91%	\$ 28.3	\$ 54.9
MI RURAL	\$ 29.6			\$ 3.2						\$ 29.6
MI Total	\$ 33.6	\$ 37.9	\$ 52.5	\$ 32.0	\$ 61.6	\$ 65.6	\$ 1,490.2		\$ 58.7	\$ 153.9
MN										
MN USW	\$ -	\$ -	\$ 25.7	\$ 10.6	\$ 15.1	\$ 15.1	\$ 494.1	97%	\$ 14.0	\$ 29.1
MN GTE	\$ 0.4	\$ 4.1	\$ 1.3	\$ 0.6	\$ 4.8	\$ 5.2	\$ 79.0	93%	\$ 23.5	\$ 28.7
MN SPRINT	\$ 3.7	\$ 6.4	\$ 1.6	\$ 0.8	\$ 7.2	\$ 10.9	\$ 53.6	80%	\$ 4.2	\$ 15.1
MN OTH NON-RURAL							\$ 41.2	93%	\$ 5.8	
MN RURAL	\$ 33.3			\$ 1.6						\$ 33.3
MN Total	\$ 37.4	\$ 10.5	\$ 28.6	\$ 13.6	\$ 27.1	\$ 31.2	\$ 667.9		\$ 47.5	\$ 106.2
MS										
MS BS	\$ 9.0	\$ 23.1	\$ 15.0	\$ 6.1	\$ 32.0	\$ 41.0	\$ 563.1	93%	\$ 72.6	\$ 113.6
MS RURAL	\$ 19.1			\$ 2.1						\$ 19.1
MS Total	\$ 28.1	\$ 23.1	\$ 15.0	\$ 8.2	\$ 32.0	\$ 41.0	\$ 563.1		\$ 72.6	\$ 132.7
MO										
MO SBC	\$ -	\$ 2.8	\$ 32.3	\$ 11.2	\$ 23.9	\$ 23.9	\$ 649.9	96%	\$ 33.5	\$ 57.4
MO GTE	\$ 12.2	\$ 14.3	\$ 4.1	\$ 1.4	\$ 17.0	\$ 29.2	\$ 228.6	87%	\$ 50.2	\$ 79.4
MO SPRINT	\$ 1.8	\$ 10.2	\$ 2.5	\$ 1.1	\$ 11.6	\$ 13.4	\$ 102.4	87%	\$ 12.7	\$ 26.1
MO RURAL	\$ 36.5			\$ 3.2						\$ 36.5
MO Total	\$ 50.5	\$ 27.3	\$ 38.9	\$ 16.9	\$ 52.5	\$ 66.5	\$ 980.9		\$ 96.4	\$ 199.4

BellSouth Universal Service High Cost Fund Proposal

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Existing HCF Receipts	CCL	PICC	Current HCF, Low Income, S&L, and RHC Payments	Implicit Support - RBOCs, GTE, Sprint	Total Current Support - RBOCs, GTE, Sprint	BCPM Total Cost	1 - (Current Support / Cost) @ \$50/\$70	Federal Safety Factor Support	Total Federal HCF Support
MT										
MT USW	\$ 1.3	\$ -	\$ 4.2	\$ 1.6	\$ 2.6	\$ 3.9	\$ 120.4	97%	\$ 10.8	\$ 14.7
MT RURAL	\$ 42.8			\$ 0.9						\$ 42.8
MT Total	\$ 44.1	\$ -	\$ 4.2	\$ 2.5	\$ 2.6	\$ 3.9	\$ 120.4		\$ 10.8	\$ 57.5
NE										
NE USW	\$ -	\$ -	\$ 6.3	\$ 2.5	\$ 3.8	\$ 3.8	\$ 147.7	97%	\$ 7.3	\$ 11.1
NE GTE	\$ -	\$ 2.0	\$ 0.6	\$ 0.5	\$ 2.1	\$ 2.1	\$ 25.9	92%	\$ 6.2	\$ 8.3
NE SPRINT	\$ 1.1	\$ 1.2	\$ 0.3	\$ 0.2	\$ 1.3	\$ 2.4	\$ 13.0	82%	\$ 1.3	\$ 3.7
NE RURAL	\$ 18.6			\$ 2.9						\$ 18.6
NE Total	\$ 19.7	\$ 3.2	\$ 7.2	\$ 6.1	\$ 7.2	\$ 8.3	\$ 186.6		\$ 14.8	\$ 41.7
NV										
NV SBC	\$ -	\$ 2.4	\$ 3.6	\$ 1.4	\$ 4.6	\$ 4.6	\$ 80.2	94%	\$ 5.9	\$ 10.5
NV GTE	\$ 1.2	\$ 3.5	\$ 0.3	\$ 0.2	\$ 3.6	\$ 4.8	\$ 11.3	58%	\$ 0.1	\$ 4.9
NV SPRINT	\$ -	\$ -	\$ 4.9	\$ 3.2	\$ 1.7	\$ 1.7	\$ 14.7	88%	\$ 1.0	\$ 2.7
NV RURAL	\$ 7.7			\$ 0.2						\$ 7.7
NV Total	\$ 8.9	\$ 5.9	\$ 8.8	\$ 5.0	\$ 9.9	\$ 11.1	\$ 106.2		\$ 7.0	\$ 25.8
NH										
NH BA	\$ 0.9	\$ 3.8	\$ 9.1	\$ 3.7	\$ 9.2	\$ 10.1	\$ 227.6	96%	\$ 9.3	\$ 19.4
NH RURAL	\$ 8.2			\$ 0.6						\$ 8.2
NH Total	\$ 9.1	\$ 3.8	\$ 9.1	\$ 4.3	\$ 9.2	\$ 10.1	\$ 227.6		\$ 9.3	\$ 27.6
NJ										
NJ BA	\$ -	\$ 29.8	\$ 71.5	\$ 28.0	\$ 73.3	\$ 73.3	\$ 822.5	91%	\$ -	\$ 73.3
NJ SPRINT	\$ 2.1	\$ 1.7	\$ 1.5	\$ 0.9	\$ 2.3	\$ 4.4	\$ 39.5	89%	\$ -	\$ 4.4
NJ RURAL	\$ 1.2									\$ 1.2
NJ Total	\$ 3.3	\$ 31.5	\$ 73.0	\$ 28.9	\$ 75.6	\$ 77.7	\$ 862.0		\$ -	\$ 78.9
NM										
NM USW	\$ 3.3	\$ -	\$ 9.1	\$ 4.5	\$ 4.6	\$ 7.9	\$ 238.4	97%	\$ 9.8	\$ 17.7
NM GTE	\$ 6.0	\$ 3.6	\$ 1.0	\$ 0.6	\$ 4.0	\$ 10.0	\$ 43.7	77%	\$ 5.2	\$ 15.2
NM RURAL	\$ 26.0			\$ 0.3						\$ 26.0
NM Total	\$ 35.3	\$ 3.6	\$ 10.1	\$ 5.4	\$ 8.6	\$ 17.9	\$ 282.1		\$ 15.0	\$ 58.9
NY										
NY BA	\$ -	\$ 58.0	\$ 139.4	\$ 59.8	\$ 137.6	\$ 137.6	\$ 2,466.6	94%	\$ 29.9	\$ 167.5
NY OTH NON-RURAL				\$ 5.1			\$ 322.7	94%	\$ 23.0	\$ 23.0
NY RURAL	\$ 37.8			\$ 8.1						\$ 37.8
NY Total	\$ 37.8	\$ 58.0	\$ 139.4	\$ 73.0	\$ 137.6	\$ 137.6	\$ 2,789.3		\$ 52.9	\$ 228.3

BellSouth Universal Service High Cost Fund Proposal

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Existing HCF Receipts	CCL	PICC	Current HCF, Low Income, S&L, and RHC Payments	Implicit Support - RBOCs, GTE, Sprint	Total Current Support - RBOCs, GTE, Sprint	BCPM Total Cost	1 - (Current Support / Cost) @ \$50/\$70	Federal Safety Factor Support	Total Federal HCF Support
NC										
NC BS	\$ 5.5	\$ 42.9	\$ 27.8	\$ 11.8	\$ 58.9	\$ 64.4	\$ 563.7	89%	\$ 3.7	\$ 68.1
NC GTE	\$ 7.2	\$ 17.0	\$ 3.2	\$ 1.6	\$ 18.6	\$ 25.8	\$ 101.1	74%	\$ 1.7	\$ 27.5
NC SPRINT	\$ 0.1	\$ 29.6	\$ 14.6	\$ 7.1	\$ 37.1	\$ 37.2	\$ 476.8	92%	\$ 19.5	\$ 56.7
NC OTH NON-RURAL	\$ 5.1			\$ 1.5			\$ 91.5	92%	\$ 2.1	\$ 7.2
NC RURAL	\$ 22.7			\$ 1.6						\$ 22.7
NC Total	\$ 40.6	\$ 89.5	\$ 45.6	\$ 23.6	\$ 114.6	\$ 127.4	\$ 1,233.1		\$ 27.0	\$ 182.2
ND										
ND USW	\$ -	\$ -	\$ 3.0	\$ 1.3	\$ 1.7	\$ 1.7	\$ 68.2	98%	\$ 6.2	\$ 7.9
ND RURAL	\$ 21.2			\$ 0.8						\$ 21.2
ND Total	\$ 21.2	\$ -	\$ 3.0	\$ 2.1	\$ 1.7	\$ 1.7	\$ 68.2		\$ 6.2	\$ 29.1
OH										
OH AM	\$ -	\$ 15.0	\$ 33.9	\$ 22.9	\$ 26.0	\$ 26.0	\$ 922.3	97%	\$ 13.9	\$ 39.9
OH GTE	\$ -	\$ 27.7	\$ 8.2	\$ 4.8	\$ 31.1	\$ 31.1	\$ 361.3	91%	\$ 28.6	\$ 59.7
OH SPRINT	\$ -	\$ 15.0	\$ 5.6	\$ 3.3	\$ 17.3	\$ 17.3	\$ 232.1	93%	\$ 16.7	\$ 34.0
OH OTH NON-RURAL	\$ -	\$ 5.0	\$ 8.3	\$ 6.2	\$ 7.1	\$ 7.1	\$ 266.7	97%	\$ 7.5	\$ 14.6
OH RURAL	\$ 14.8			\$ 1.0						\$ 14.8
OH Total	\$ 14.8	\$ 62.7	\$ 56.0	\$ 38.2	\$ 81.5	\$ 81.5	\$ 1,782.4		\$ 66.7	\$ 163.0
OK										
OK SBC	\$ -	\$ 1.8	\$ 20.8	\$ 7.1	\$ 15.5	\$ 15.5	\$ 505.6	97%	\$ 38.6	\$ 54.1
OK GTE	\$ 1.5	\$ 3.8	\$ 1.1	\$ 0.6	\$ 4.3	\$ 5.8	\$ 50.2	88%	\$ 6.4	\$ 12.2
OK RURAL	\$ 58.4			\$ 2.0						\$ 58.4
OK Total	\$ 59.9	\$ 5.6	\$ 21.9	\$ 9.7	\$ 19.8	\$ 21.3	\$ 555.8		\$ 45.0	\$ 124.7
OR										
OR USW	\$ 0.9	\$ -	\$ 15.3	\$ 5.8	\$ 9.5	\$ 10.4	\$ 348.9	97%	\$ 9.3	\$ 19.7
OR GTE	\$ -	\$ 22.9	\$ 5.0	\$ 2.2	\$ 25.7	\$ 25.7	\$ 123.8	79%	\$ 2.4	\$ 28.1
OR SPRINT	\$ -	\$ 2.2	\$ 0.7	\$ 0.4	\$ 2.5	\$ 2.5	\$ 30.1	92%	\$ 3.6	\$ 6.1
OR RURAL	\$ 36.2			\$ 1.4						\$ 36.2
OR Total	\$ 37.1	\$ 25.1	\$ 21.0	\$ 9.8	\$ 37.7	\$ 38.6	\$ 502.8		\$ 15.3	\$ 90.1
PA										
PA BA	\$ -	\$ 31.1	\$ 74.7	\$ 28.6	\$ 77.2	\$ 77.2	\$ 1,248.1	94%	\$ 17.7	\$ 94.9
PA GTE	\$ -	\$ 20.4	\$ 6.1	\$ 2.7	\$ 23.8	\$ 23.8	\$ 203.9	88%	\$ 6.6	\$ 30.4
PA SPRINT	\$ -	\$ 3.3	\$ 2.9	\$ 1.7	\$ 4.5	\$ 4.5	\$ 131.9	97%	\$ 11.0	\$ 15.5
PA OTH NON-RURAL	\$ 8.0			\$ 2.2			\$ 189.8	97%	\$ 25.9	\$ 33.9
PA RURAL	\$ 17.5			\$ 1.6						\$ 17.5
PA Total	\$ 25.5	\$ 54.8	\$ 83.7	\$ 36.8	\$ 105.5	\$ 105.5	\$ 1,773.7		\$ 61.2	\$ 192.2

BellSouth Universal Service High Cost Fund Proposal

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Existing HCF Receipts	CCL	PICC	Current HCF, Low Income, S&L, and RHC Payments	Implicit Support - RBOCs, GTE, Sprint	Total Current Support - RBOCs, GTE, Sprint	BCPM Total Cost	1 - (Current Support / Cost) @ \$50/\$70	Federal Safety Factor Support	Total Federal HCF Support
PR										
PR OTH NON-RURAL	\$ 145.9						\$ 421.1	65%	\$ -	\$ 145.9
PR RURAL	\$ -									
PR Total	\$ 145.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 421.1		\$ -	\$ 145.9
RI										
RI BA	\$ -	\$ 3.3	\$ 7.8	\$ 3.2	\$ 7.9	\$ 7.9	\$ 176.6	96%	\$ 0.1	\$ 8.0
RI RURAL	\$ -									
RI Total	\$ -	\$ 3.3	\$ 7.8	\$ 3.2	\$ 7.9	\$ 7.9	\$ 176.6		\$ 0.1	\$ 8.0
SC										
SC BS	\$ 9.0	\$ 26.1	\$ 16.9	\$ 8.1	\$ 34.9	\$ 43.9	\$ 422.5	90%	\$ 6.2	\$ 50.1
SC GTE	\$ 1.8	\$ 11.4	\$ 2.3	\$ 1.1	\$ 12.6	\$ 14.4	\$ 65.1	78%	\$ 1.0	\$ 15.4
SC SPRINT	\$ 3.0	\$ 2.1	\$ 0.9	\$ 0.6	\$ 2.4	\$ 5.4	\$ 38.8	86%	\$ 2.5	\$ 7.9
SC RURAL	\$ 31.4			\$ 2.5						
SC Total	\$ 45.2	\$ 39.6	\$ 20.1	\$ 12.3	\$ 49.9	\$ 63.7	\$ 526.4		\$ 9.7	\$ 104.8
SD										
SD USW	\$ -	\$ -	\$ 3.2	\$ 1.4	\$ 1.8	\$ 1.8	\$ 88.1	98%	\$ 7.7	\$ 9.5
SD RURAL	\$ 16.8			\$ 0.7						
SD Total	\$ 16.8	\$ -	\$ 3.2	\$ 2.1	\$ 1.8	\$ 1.8	\$ 88.1		\$ 7.7	\$ 26.3
TN										
TN BS	\$ -	\$ 49.2	\$ 31.9	\$ 12.7	\$ 68.4	\$ 68.4	\$ 733.7	91%	\$ 20.8	\$ 89.2
TN SPRINT	\$ 0.7	\$ 5.5	\$ 2.3	\$ 1.4	\$ 6.4	\$ 7.1	\$ 78.8	91%	\$ 1.6	\$ 8.7
TN RURAL	\$ 27.1			\$ 3.3						
TN Total	\$ 27.8	\$ 54.7	\$ 34.2	\$ 17.4	\$ 74.8	\$ 75.5	\$ 812.5		\$ 22.4	\$ 125.0
TX										
TX SBC	\$ -	\$ 10.3	\$ 117.8	\$ 44.2	\$ 83.9	\$ 83.9	\$ 2,088.4	96%	\$ 47.1	\$ 131.0
TX GTE	\$ 2.0	\$ 53.6	\$ 17.2	\$ 18.5	\$ 52.3	\$ 54.3	\$ 621.7	91%	\$ 75.8	\$ 130.1
TX SPRINT	\$ 25.2	\$ 15.0	\$ 3.7	\$ 1.7	\$ 17.0	\$ 42.2	\$ 146.2	71%	\$ 9.9	\$ 52.1
TX RURAL	\$ 97.0			\$ 2.3						
TX Total	\$ 124.2	\$ 78.9	\$ 138.7	\$ 66.7	\$ 153.2	\$ 180.4	\$ 2,856.3		\$ 132.8	\$ 410.2
UT										
UT USW	\$ -	\$ -	\$ 12.0	\$ 4.5	\$ 7.5	\$ 7.5	\$ 218.4	97%	\$ 2.9	\$ 10.4
UT RURAL	\$ 8.4			\$ 0.8						
UT Total	\$ 8.4	\$ -	\$ 12.0	\$ 5.3	\$ 7.5	\$ 7.5	\$ 218.4		\$ 2.9	\$ 18.8

BellSouth Universal Service High Cost Fund Proposal

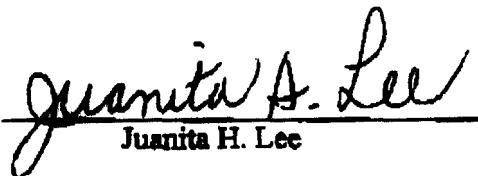
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
	Existing HCF Receipts	CCL	PICC	Current HCF, Low Income, S&L, and RHC Payments	Implicit Support - RBOCs, GTE, Sprint	Total Current Support - RBOCs, GTE, Sprint	BCPM Total Cost	1 - (Current Support / Cost) @ \$50/\$70	Federal Safety Factor Support	Total Federal HCF Support	
VT											
VT BA	\$ 2.0	\$ 1.7	\$ 4.0	\$ 1.7	\$ 4.0	\$ 6.0	\$ 126.1	95%	\$ 11.2	\$ 17.2	
VT RURAL	\$ 9.9			\$ 0.6						\$ 9.9	
VT Total	\$ 11.9	\$ 1.7	\$ 4.0	\$ 2.3	\$ 4.0	\$ 6.0	\$ 126.1		\$ 11.2	\$ 27.1	
VI											
VI RURAL	\$ 16.2									\$ 16.2	
VI Total	\$ 16.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ 16.2	
VA											
VA BA	\$ -	\$ 16.6	\$ 39.8	\$ 15.4	\$ 41.0	\$ 41.0	\$ 721.2	94%	\$ 25.8	\$ 66.8	
VA GTE	\$ 3.3	\$ 43.5	\$ 5.5	\$ 1.1	\$ 47.9	\$ 51.2	\$ 196.4	74%	\$ 7.0	\$ 58.2	
VA SPRINT	\$ 1.4	\$ 8.5	\$ 3.6	\$ 1.7	\$ 10.4	\$ 11.8	\$ 172.1	93%	\$ 25.4	\$ 37.2	
VA RURAL	\$ 9.0			\$ 3.0						\$ 9.0	
VA Total	\$ 13.7	\$ 68.6	\$ 48.9	\$ 21.2	\$ 99.3	\$ 104.0	\$ 1,089.7		\$ 58.2	\$ 171.2	
WA											
WA USW	\$ -	\$ -	\$ 28.1	\$ 10.6	\$ 17.5	\$ 17.5	\$ 553.5	97%	\$ 9.9	\$ 27.4	
WA GTE	\$ 1.9	\$ 26.8	\$ 8.3	\$ 3.7	\$ 31.4	\$ 33.3	\$ 221.7	85%	\$ 9.0	\$ 42.3	
WA SPRINT	\$ 1.3	\$ 2.4	\$ 0.8	\$ 0.4	\$ 2.8	\$ 4.1	\$ 33.2	88%	\$ 3.8	\$ 7.9	
WA OTH NON-RURAL	\$ 23.0			\$ 0.8						\$ 23.0	
WA RURAL	\$ 17.3			\$ 1.8						\$ 17.3	
WA Total	\$ 43.5	\$ 29.2	\$ 37.2	\$ 17.3	\$ 51.7	\$ 54.9	\$ 808.4		\$ 22.7	\$ 117.9	
WV											
WV BA	\$ 2.2	\$ 4.1	\$ 9.7	\$ 4.3	\$ 9.5	\$ 11.7	\$ 354.5	97%	\$ 50.0	\$ 61.7	
WV RURAL	\$ 19.0			\$ 1.1						\$ 19.0	
WV Total	\$ 21.2	\$ 4.1	\$ 9.7	\$ 5.4	\$ 9.5	\$ 11.7	\$ 354.5		\$ 50.0	\$ 80.7	
WI											
WI AM	\$ -	\$ 8.3	\$ 18.7	\$ 9.4	\$ 17.6	\$ 17.6	\$ 472.1	96%	\$ 3.3	\$ 20.9	
WI GTE	\$ 0.5	\$ 13.7	\$ 4.8	\$ 2.3	\$ 16.2	\$ 16.7	\$ 223.8	93%	\$ 34.4	\$ 51.1	
WI RURAL	\$ 51.0			\$ 4.1						\$ 51.0	
WI Total	\$ 51.5	\$ 22.0	\$ 23.5	\$ 15.8	\$ 33.8	\$ 34.3	\$ 695.9		\$ 37.7	\$ 123.0	
WY											
WY USW	\$ 3.3	\$ -	\$ 2.8	\$ 1.3	\$ 1.5	\$ 4.8	\$ 78.6	94%	\$ 3.3	\$ 8.1	
WY SPRINT	\$ 1.4	\$ 0.3	\$ 0.1	\$ 0.4	\$ 0.4	\$ 1.8	\$ 4.2	57%	\$ 0.2	\$ 2.0	
WY RURAL	\$ 16.6			\$ 0.2						\$ 16.6	
WY Total	\$ 21.3	\$ 0.3	\$ 2.9	\$ 1.5	\$ 1.9	\$ 6.6	\$ 82.8		\$ 3.5	\$ 26.7	
Grand Total	\$ 1,716.7	x	\$ 1,495.7	\$ 1,739.2	\$ 879.7	\$ 2,462.5	\$ 2,676.4	x	\$ 40,689.7	\$ 1,529.5	x \$ 5,700.5

BellSouth Universal Service High Cost Fund Proposal

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Existing HCF Receipts	CCL	PICC	Current HCF, Low Income, S&L, and RHC Payments	Implicit Support - RBOCs, GTE, Sprint	Total Current Support - RBOCs, GTE, Sprint	BCPM Total Cost	1 - (Current Support / Cost) @ \$50/\$70	Federal Safety Factor Support	Total Federal HCF Support
AM	\$ -	\$ 76.1	\$ 172.0	\$ 96.1	\$ 152.0	\$ 152.0	\$ 4,311.6	\$ 71.7	\$ 223.7	
BA	\$ 5.3	\$ 198.8	\$ 477.4	\$ 193.7	\$ 482.5	\$ 487.8	\$ 8,199.8	\$ 165.7	\$ 653.5	
BS	\$ 38.5	\$ 428.2	\$ 277.5	\$ 113.8	\$ 591.9	\$ 630.4	\$ 6,097.4	\$ 207.2	\$ 837.6	
CB	\$ -	\$ 6.2	\$ 10.3	\$ 7.0	\$ 9.5	\$ 9.5	\$ 320.2	\$ 9.5	\$ 16.6	
SNET	\$ -	\$ 12.5	\$ 24.9	\$ 11.7	\$ 25.7	\$ 25.7	\$ 453.3	\$ 1.4	\$ 27.1	
SBC	\$ 5.2	\$ 19.9	\$ 334.4	\$ 143.5	\$ 210.8	\$ 216.0	\$ 7,624.2	\$ 201.6	\$ 417.6	
USW	\$ 17.2	\$ -	\$ 185.9	\$ 73.2	\$ 112.7	\$ 129.9	\$ 3,987.4	\$ 153.9	\$ 283.8	
SUBTOTAL	\$ 66.2	\$ 741.7	\$ 1,482.4	\$ 639.0	\$ 1,585.1	\$ 1,651.3	\$ 30,993.9	\$ 811.0	\$ 2,459.9	
RBOC	\$ 66.2	\$ 741.7	\$ 1,482.4	\$ 639.0	\$ 1,585.1	\$ 1,651.3	\$ 30,993.9	\$ 811.0	\$ 2,459.9	
GTE	\$ 99.5	\$ 591.0	\$ 186.0	\$ 96.3	\$ 679.9	\$ 778.1	\$ 6,124.6	\$ 493.9	\$ 1,273.3	
SPRINT	\$ 49.5	\$ 163.0	\$ 70.8	\$ 36.3	\$ 197.5	\$ 247.0	\$ 2,281.3	\$ 146.1	\$ 393.1	
OTH NON-RURAL	\$ 193.8			\$ 10.9			\$ 1,289.9	\$ 78.5	\$ 266.5	
RURAL	\$ 1,307.7			\$ 97.2						\$ 1,307.7
Total	\$ 1,716.7	x	\$ 1,495.7	\$ 1,739.2	\$ 879.7	x	\$ 2,462.5	x	\$ 40,689.7	\$ 1,529.5
				\$ 3,234.9 <- Total CLL & PICC						\$ 5,700.5

CERTIFICATE OF SERVICE

I do hereby certify that I have this 29th day of May 1998 served the following parties to this action with a copy of the foregoing REPLY COMMENTS by placing a true and correct copy of the same in the United States Mail, postage prepaid, addressed to the parties listed on the attached service list.



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